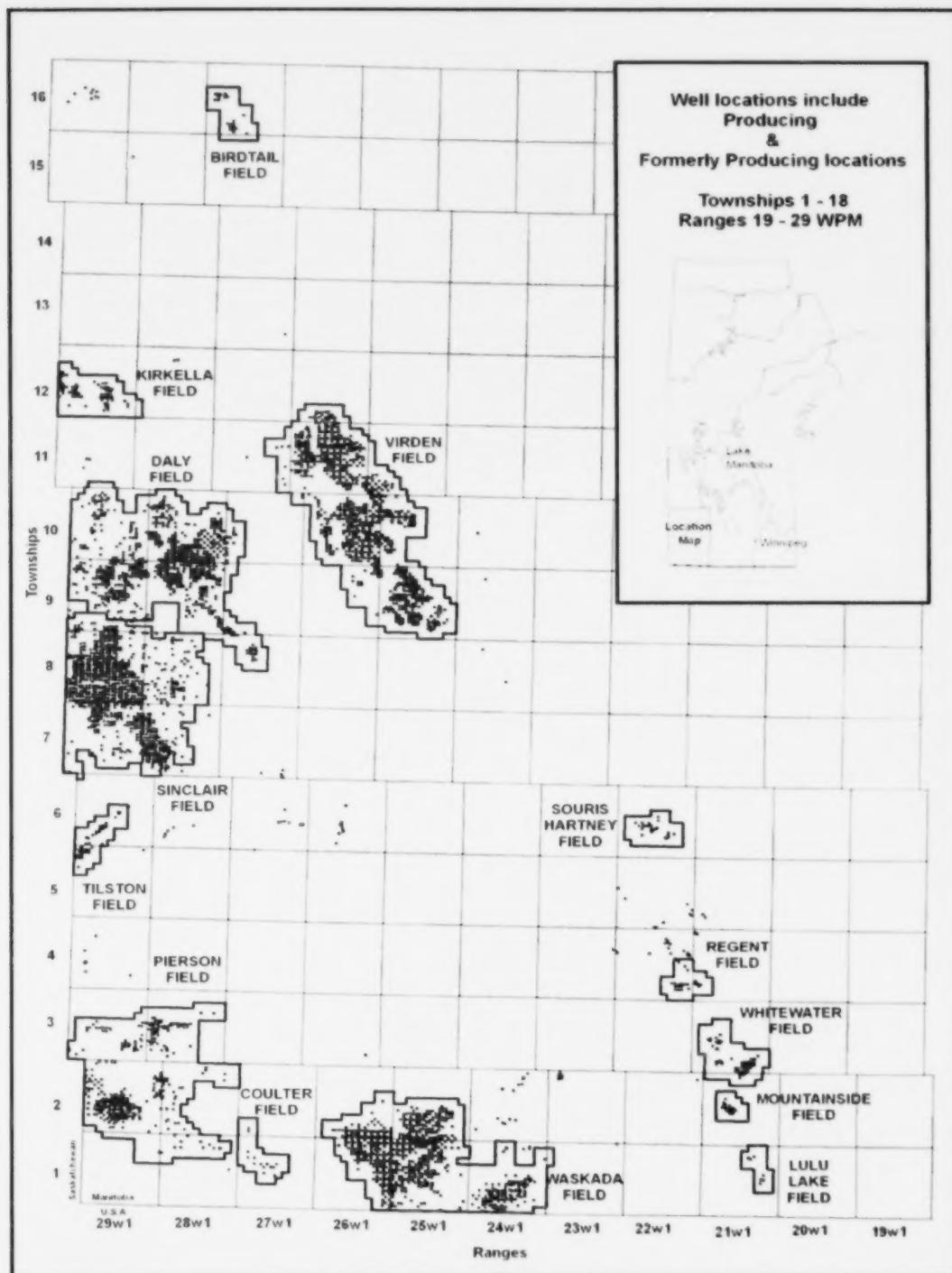


**Manitoba
Oil Activity Review
2006**



Table of Contents

Subject	Page	Spill Data 2002-2006	25
2006 Highlights	iv		
Crown Oil and Gas Dispositions	1		
Freehold Mineral Owners' Leasing and Revenue	2		
Geophysical Activity	5		
Drilling Activity	7		
Areas of Activity	13		
Well Licence Transfers	14		
Production and Markets	15		
Oil Prices	19		
Value of Production	20		
Provincial Revenue from Oil Production	20		
Manitoba Drilling Incentive Program (1992-2009)	24		
Municipal Taxes	24		
Industry Employment	25		
Industry Expenditures	25		
Surface Owners	26		
Spills and Rehabilitation	26		
Figures			
Oil Fields in Manitoba	iii		
Public Offerings of Crown Oil and Gas Rights 1997-2006	1		
Crown Oil & Gas Rights Under Disposition 1997-2006	2		
Geophysical Activity 1997-2006	5		
Wells Drilled in Manitoba 1997-2006	7		
Oil Wells in Manitoba 1997-2006	13		
Manitoba Crude Oil Production 1996-2006	15		
Monthly Oil Crude Prices 2004-2006	19		
Value of Production 1997-2006	20		
Crown Royalties and Taxes from Oil Production 1997-2006	21		
Petroleum Industry Expenditures in Manitoba 1997-2006	25		
		Tables	Page
		Manitoba Crown Lease and Exploration Reservation Sale Statistics 1947-2006	3-4
		Geophysical Activity 1997-2006	5
		Summary of 2006 Geophysical Programs	6
		Drilling Statistics by Operator and Contractor	7
		Drilling Activity by Area	8
		Drilling Success 1981-2006	8
		Drilling Activity 1951-2006	9
		Exploratory Wells Drilled in Manitoba by Formation 1974-2006	10
		Horizontal Wells Drilled in Manitoba 2006	11-12
		Non-Abandoned Wells in 2006	13
		Well Licence Transfers in 2006	14
		Manitoba's Top 25 Oil Producers	16
		Manitoba Oil and Water Production 1951-2006	17
		Comparison of 2006 vs 2005 Oil Production by Field	18
		Manitoba Crude Oil Production and Sales Value 1951-2006	22
		Direct Revenues to Crown 1951-2006	23
		Manitoba Oil Fields - 2006	27



2006 Highlights

- During 2006, 476 wells were drilled in Manitoba a 167% increase from 2005's total of 285 wells.
- Manitoba's annual oil production was up approximately 50.5% from 2005 production to 1 223 736 m³.
- The value of oil produced in 2006 was approximately \$527.3 million, a 59% increase from 2005.
- Provincial revenues from the oil industry (royalties, production taxes, lease sale bonuses, rentals and fees) were \$20.9 million during 2006, a 55% increase from 2005.
- Gross royalties payable to freehold mineral owners were estimated to be \$62 million in 2006 (Federal and Provincial tax liabilities included).
- Surface rights owners received approximately \$8.7 million from rental payments and bonuses during 2006.
- Municipal tax assessments on wells and oilfield equipment were estimated to be \$84.2 million (with taxes paid amounting to approximately \$2.45 million).
- Oil industry expenditures in Manitoba were estimated to be \$403 million in 2006, a 60% increase from 2005.
- Six geophysical programs were run in 2006. Total coverage is 815 km at a cost of approximately \$2.8 million.
- Four sales of Crown oil leases and exploration reservations covering 12 777 hectares generated \$2.28 million in revenue to the province in 2006, a 63% increase from 2005.
- As of January 1, 2006 there were 14 oil fields and 178 non-confidential oil pools designated in the province.
- Crude oil prices fluctuated throughout the year between \$368.76 – 494.30 m³ (\$58.60 - \$78.55 Cdn per barrel). In 2006, Manitoba's average crude oil selling price was \$430.93 m³ (\$68.48 Cdn per barrel), compared with 2005's average of \$395.03 m³ (\$62.77 Cdn per barrel).

Crown Oil and Gas Dispositions

Public offerings of Crown oil and gas rights are held under sealed tender in Manitoba throughout the year. Four Crown oil and gas sales were held in 2006.

SALE DATE	AVERAGE BONUS \$/ha
February 15, 2006	257.18
May 17, 2006	132.68
August 16, 2006	76.59
November 8, 2006	131.31

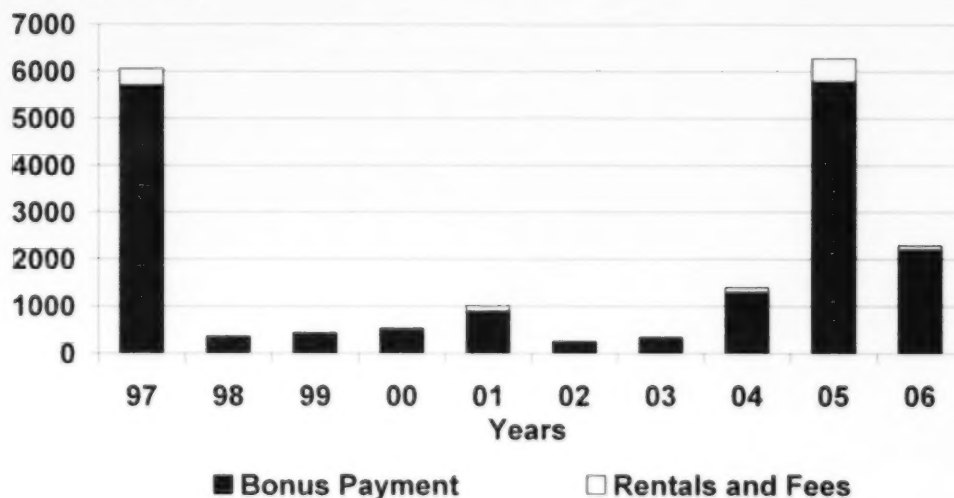
As of December 31, 2006, the total area of Crown oil and gas rights under disposition was 114 297 hectares; 111 641 hectares under lease and 2 656 hectares under exploration reservation. In 2006, the total area under disposition increased by 5% compared with 2005.

Exploration reservations provide the holder with the exclusive right to drill for a 3-year term within the reservation area. Crown oil and gas leases provide the holder with the exclusive right to drill and produce oil and gas for a 5-year term within the lease area. Leases may be renewed for additional 5-year terms, or extended by application for one-year terms with additional rental penalties and drilling commitments. Non-productive leases are surrendered and available for lease by other interested parties.

On December 31, 1982, deeper rights reversion provisions came into effect. Under these provisions, non-productive areas and rights below the producing formation revert to the Crown at the end of the first renewal of the lease term. These rights again become available for lease by other interested parties.

Public Offerings of Crown Oil and Gas Rights 1997-2006

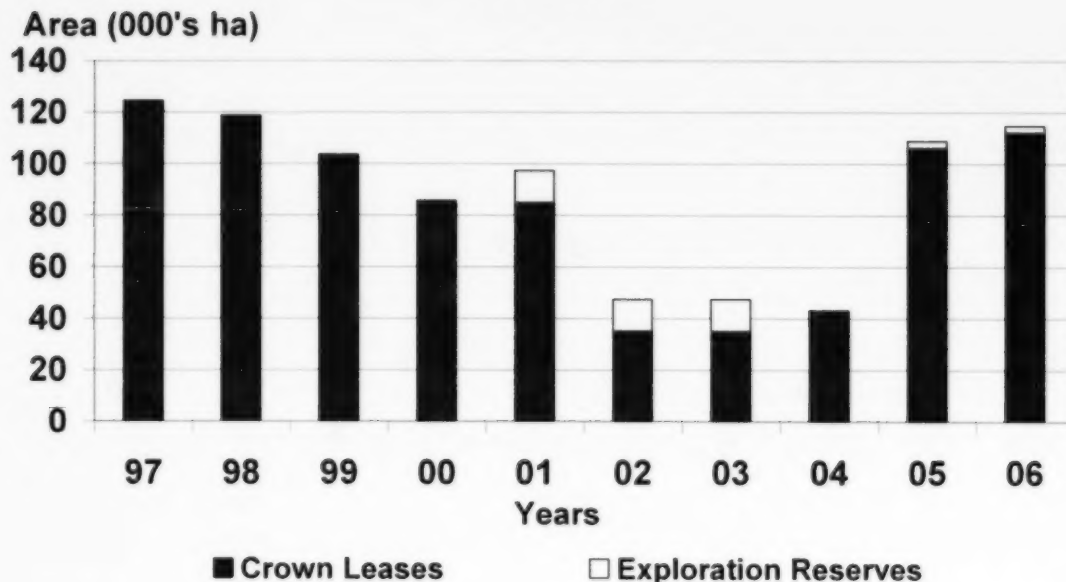
Value (000's \$)



Freehold Mineral Owner's Leasing and Revenue

Approximately 80% of the oil and gas rights in southwestern Manitoba are privately owned (freehold). Companies may negotiate leases with freehold mineral owners in areas of current interest where leases have expired or where oil and gas rights are not presently leased. Freehold mineral owners receive revenue from signing bonuses, delay rental payments and royalties when production is obtained. Freehold royalties may range from 12 1/2 to 20% of gross production sales value. It is estimated that gross royalties payable to freehold owners in 2006 were approximately \$62 million (before payment of provincial and federal taxes).

Crown Oil and Gas Rights Under Disposition (Dec. 31st) 1997-2006



Manitoba Crown Lease and Exploration Reservation Sale Statistics 1947-2006

Year	Lease Sales					Reservation Sales							Total Revenue From Sales (\$)
	No. of Leases Sold	Area (ha)	Bonus (\$)	Avg. Price (\$/ha)	Highest Price (\$/ha)	Lease Revenue (\$)	No. of Res. Sold	Area (ha)	Bonus (\$)	Avg. Price (\$/ha)	Highest Price (\$/ha)	Res. Revenue (4)	
1947-53	DATA NOT AVAILABLE												
1954	31	4 184	82,814	19.79	37.37	88,291	0	0	0	0.00	0.00	0	88,291
1955	140	32 247	579,801	17.98	62.58	620,751	1	8 778	5,854	0.67	0.67	6,213	626,964
1956	28	4 534	43,902	9.68	79.09	49,682	4	255 016	105,587	0.41	1.33	106,587	156,269
1957	16	4 568	100,373	21.97	44.71	106,174	2	48 820	3,256	0.07	0.08	3,756	109,930
1958	0	0	0	0.00	0.00	0	1	10 291	101	0.01	0.01	351	351
1959	1	777	505	0.65	0.65	1,475	2	11 478	11,879	1.03	2.42	12,379	13,854
1960	1	65	4,103	63.12	63.12	4,193	0	0	0	0.00	0.00	0	4,193
1961	0	0	0	0.00	0.00	0	4	50 721	134,099	2.64	6.75	135,099	135,099
1962	2	260	1,327	5.11	12.62	1,668	1	7 464	24,706	3.31	3.31	24,956	26,624
1963	63	5 055	31,614	6.25	17.30	38,468	1	3 498	1,608	0.46	0.46	1,858	40,326
1964	40	9 467	109,125	28.47	388.06	120,717	1	5 641	778	0.14	0.14	1,028	121,745
1965	42	4 347	40,235	9.26	77.60	46,024	15	92 717	52,672	0.57	12.11	56,422	102,446
1966	31	4 417	24,086	5.45	64.22	29,850	6	38 689	62,886	1.63	2.08	64,636	94,486
1967	10	2 274	23,537	10.35	22.25	26,446	5	49 846	55 013	1.10	3.80	56,263	82,709
1968	19	3 599	22,630	6.29	18.92	27,265	6	46 040	31,426	0.68	4.45	32,926	60,191
1969	2	970	7,164	7.39	11.94	8,382	3	16 453	75,282	4.58	7.54	76,032	84,414
1970	8	3 580	10,094	2.82	8.08	14,596	0	0	0	0.00	0.00	0	14,596
1971	2	1 230	33,673	27.38	49.75	34,308	0	0	0	0.00	0.00	0	34,308
1972-78	NO SALES												
1979	86	11 064	897,885	81.15	315.17	929,855	3	4 736	40,888	8.63	12.23	47,558	977,413
1980	80	12 540	1,057,530	84.33	470.51	1,092,880	8	15 572	820,345	52.68	100.31	841,810	1,934,690
1981	85	12 312	1,074,958	87.31	257.26	1,109,988	5	5 376	611,199	113.69	178.43	619,169	1,729,157
1982	56	6 448	1,055,668	163.72	938.88	1,074,588	0	0	0	0.00	0.00	0	1,074,588
1983	66	9 255	1,032,267	111.54	762.34	1,058,705	1	1 024	40,192	39.25	39.25	41,722	1,100,427
1984	104	8 776	2,181,499	248.58	1,411.17	2,208,639	0	0	0	0.00	0.00	0	2,208,639
1985	173	15 471	4,215,083	272.45	1,593.78	4,262,410	0	0	0	0.00	0.00	0	4,262,410

Manitoba Crown Lease and Exploration Reservation Sale Statistics 1947-2006 (cont'd)

Year	Lease Sales						Reservation Sales						Total Revenue From Sales (\$)
	No. of Leases Sold	Area (ha)	Bonus (\$)	Avg. Price (\$/ha)	Highest Price (\$/ha)	Lease Revenue (\$)	No. of Res. Sold	Area (ha)	Bonus (\$)	Avg. Price (\$/ha)	Highest Price (\$/ha)	Res. Revenue (4)	
1986	103	7 904	891,358	112.77	602.00	916,268	1	768	20,285	26.41	26.41	21,495	937,763
1987	57	5 813	577,253	99.30	230.23	594,635	0	0	0	0.00	0.00	0	594,635
1988	29	3 429	348,439	101.62	313.07	358,462	1	2 112	84,231	39.88	39.88	87,121	445,583
1989	31	2 832	231,918	81.89	400.17	240,548	0	0	0	0.00	0.00	0	240,548
1990	20	1 488	111,930	75.22	250.00	116,650	3	4 128	49,731	12.05	21.33	55,641	172,291
1991	24	1 920	124,275	64.73	184.59	130,275	0	0	0	0.00	0.00	0	130,275
1992	43	3 105	103,135	33.22	118.61	113,047	2	1 855	17,642	9.51	12.87	20,460	133,507
1993	108	14 698	762,578	51.88	352.28	804,723	5	7 320	121,222	16.56	25.41	131,622	936,345
1994	144	18 404	1,145,663	62.25	312.50	1,267,677	3	2 496	49,393	19.79	42.97	53,263	1,320,940
1995	167	23 053	2,517,164	109.19	316.75	2,664,649	0	0	0	0.00	0.00	0	2,664,649
1996	111	12 131	1,692,342	135.51	1305.71	1,779,202	0	0	0	0.00	0.00	0	1,779,202
1997	434	49 969	5,694,789	113.97	874.10	6,043,274	0	0	0	0.00	0.00	0	6,043,274
1998	54	4 220	308,085	73.01	571.50	344,454	0	0	0	0.00	0.00	0	344,454
1999	23	4 058	395,470	97.46	333.44	418,871	0	0	0	0.00	0.00	0	418,871
2000	58	5 173	472,747	91.39	326.23	514,051	0	0	0	0.00	0.00	0	514,051
2001	97	9 344	703,628	75.30	291.50	775,132	5	12 287	181,426	14.77	22.00	226,431	1,001,563
2002	34	2 720	211,957	77.93	211.77	235,077	0	0	0	0.00	0.00	0	235,077
2003	48	4 416	294,448	66.68	617.38	329,104	0	0	0	0.00	0.00	0	329,104
2004	104	15 349	1,287,971	83.91	300.01	1,383,294	0	0	0	0.00	0.00	0	1,383,294
2005	293	65 582	5,674,596	86.53	2368.77	6,021,333	2	2 656	98,268	37.00	37.00	108,364	6,129,697
2006	119	12 777	2 190 122	171.41	1265.81	2,282,443	0	0	0	0	0	0	2,282,443
Total	3,187	425,825	38,369,741	90.11	N/A	40,288,524	91	705,782	2,699,969	3.83	N/A	2,833,162	43,121,686

Geophysical Activity

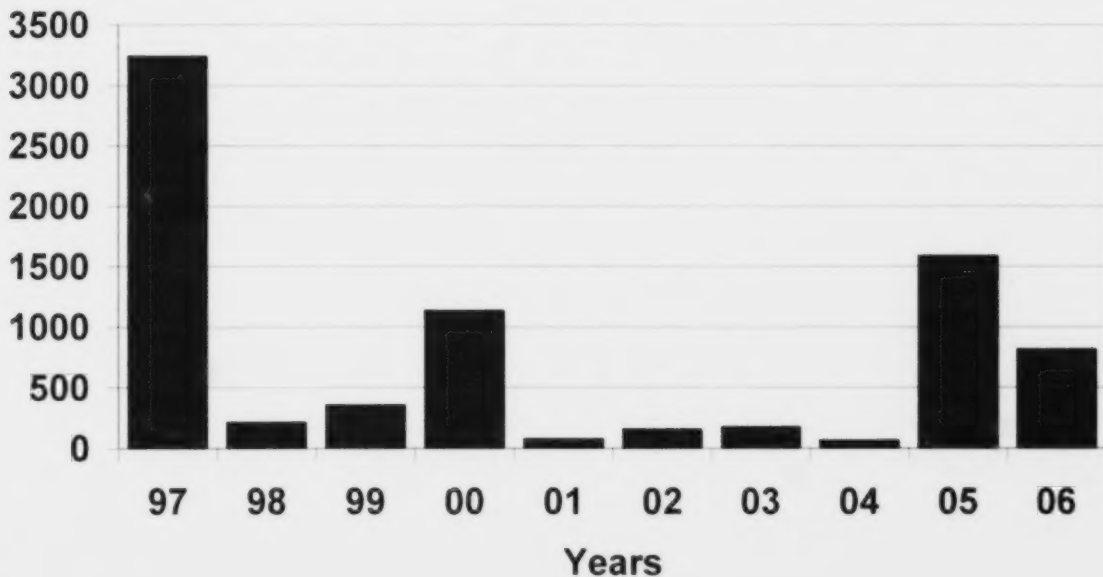
Six geophysical programs were run in 2006 covering 815 km. There were three 2D/Dyn and three 3D/Dyn programs. The estimated cost of the programs was \$2,805,005.00

MANITOBA GEOPHYSICAL ACTIVITY SUMMARY 1975-2006

Year	Licenses Issued	Kilometers Run (km)	Total Program Costs \$	Year	Licenses Issued	Kilometers Run (km)	Total Program Costs \$
1975	1	270	106,500	1991	2	15	62,032
1976	3	112	118,302	1992	8	299	370,198
1977	2	830	1,046,220	1993	9	202	225,776
1978	5	1 828	3,451,370	1994	14	222	890,307
1979	10	2 001	2,970,734	1995	16	633	1,634,771
1980	10	851	1,843,438	1996	30	1 457	5,480,000
1981	11	1 148	2,116,854	1997	32	3 239	6,098,000
1982	19	879	1,805,512	1998	13	212	619,072
1983	14	3 410	3,639,692	1999	13	212	619,072
1984	23	2 731	5,547,086	2000	2	354	269,724
1985	25	1 647	3,081,241	2001	4	73	277,100
1986	8	338	1,227,227	2002	4	73	277,100
1987	13	683	2,713,000	2003	5	176	575,057
1988	13	2 148	2,129,550	2004	2	65	171,298
1989	2	39	114,627	2005	20	1 587	2 936,111
1990	2	30	118,452	2006	3	815	2 805 005

Geophysical Activity 1997-2006

Kilometres Run



SUMMARY OF 2006 GEOPHYSICAL PROGRAMS RUN

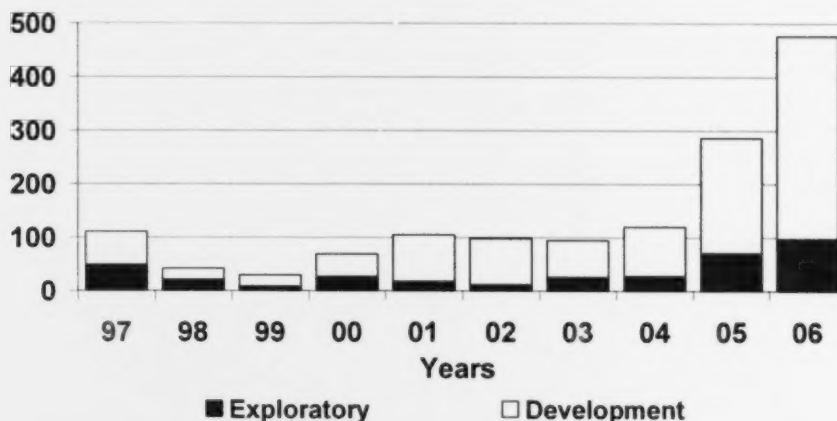
Licence No.	Licensee	Contractor	Area	Type	Km Run
467	Tundra Oil & Gas Partnership	Tesla Exploration Ltd.	Daly	2D/Dyn	22.07
468	Agrium Inc.	Boyd PetroSearch	St. Lazare	3D/Dyn	224.40
469	Tundra Oil & Gas Partnership	Tesla Exploration Ltd.	Deloraine	3D/Dyn	164.30
472	Tundra Oil & Gas Partnership	Tesla Exploration Ltd.	Sinclair	2D/Dyn	9.46
474	Tundra Oil & Gas Partnership	Tesla Exploration Ltd.	Pierson	3D/Dyn	218.30
475	Tundra Oil & Gas Partnership	Tesla Exploration Ltd.	Deloraine	2D/Dyn	176.58
					815.11

Drilling Activity

In 2006, 444 drilling licenses were issued, resulting in 23 different companies drilling 476 wells, an increase of 67% from 2005. Twelve drilling contractors drilled 516 721 metres of hole for an average well depth of 1 086 m.

Wells Drilled in Manitoba 1997-2006

Wells Drilled



Drilling Statistics by Operator and Contractor

Wells Drilled by Operator		2006	2005	Wells Drilled by Contractor		2006	2005
Tundra Oil and Gas Ltd.		269	185	Big Sky Drilling Ltd.		151	144
Rideau Petroleums Ltd.		70	37	Trinidad Drilling Ltd.		132	48
Canadian Natural Resources Ltd.		65	25	Ammonite Drilling Ltd.		41	3
EOG Resources Canada Inc.		15	13	Akita Drilling Ltd.		35	14
Lodgepole Energy Corp./G.P. No.2		10	2	Tempco Drilling Company		31	--
Aspen Endeavour Resources Inc.		7	3	Blackwatch Energy Services		27	--
Grand Banks Energy Corporation		7	6	Precision Drilling Company		21	17
Enerplus ECT Resources Ltd.		6	2	Red Dog Drilling Inc.		19	34
Kiwi Resources Ltd.		4	4	Trailblazer Drilling Corp.		16	11
New Midland Petroleum Ltd.		4	1	Advance Drilling Ltd.		1	5
Antler River Resources Ltd.		3	--	Champion Drilling Ltd.		1	2
Connaught Energy Ltd.		3	2	Courage Oilfield Services		1	--
Orion Energy Company		3	1	Ensign Drilling Inc.		--	7
Rolland Virtual Business Systems Ltd.		2	--				
Wilderness Energy Corp.		2	--				
Runway Energy Co. Ltd.		2	--				
Border Energy Ltd.		1	--				
Standard Land Company Inc.		1	--				
Zargon Oil & Gas Ltd.		1	--				
Malahat Oil & Gas Ltd.		1	--				
Platform Resources Inc.		--	2				
Leader Resources Ltd.		--	1				
ERCO Worldwide		--	1				
Total		476	285	Total		476	285

Drilling Activity by Area

Field	TWP	RGE WPM	Wells Drld.	Development Drld.	POW	Exploratory Drld.	*POW	Total POW	Dry/ Abd	Other
Daly	8-10	27-29	22	19	19	3	2	21	2	0
Tilston	5-6	29	1	0	0	1	1	1	0	0
Waskada	1-2	24-26	12	9	9	3	3	12	0	0
Virden	9-12	25-26	8	6	6	2	2	8	0	0
Whitewater	21	21	5	4	4	1	0	4	1	0
Pierson	2-3	28-29	81	77	75	4	4	79	2	0
Kirkella	12	29	1	1	0	0	0	0	1	0
Souris Hartney	6	22	5	5	5	0	0	5	0	0
Sinclair	7-8	28-29	315	251	247	64	58	305	10	0
Other areas			26	7	7	19	8	15	11	0
Total			476	379	372	97	78	450	26	1

% of Total Drilled

POW – Potential Oil Wells

79

21

Drilling Success 1981-2006

Year	Development Wells		Exploratory Wells		All Wells	
	Drilled	% Successful	Drilled	% Successful	Drilled	% Successful
1981	29	100	33	55	62	76
1982	117	95	78	67	195	84
1983	187	95	60	77	247	91
1984	210	95	36	44	246	88
1985	209	92	52	69	261	87
1986	90	95	43	91	133	93
1987	74	93	33	61	107	83
1988	53	85	18	17	71	68
1989	45	96	7	14	52	85
1990	63	94	15	73	78	90
1991	53	89	1	100	54	89
1992	22	82	6	33	28	71
1993	73	90	14	78	87	90
1994	50	96	17	41	67	82
1995	30	83	13	23	43	65
1996	29	83	28	50	57	68
1997	61	79	48	42	109	62
1998	21	95	20	45	41	71
1999	20	100	8	50	28	86
2000	42	93	26	8	68	60
2001	87	98	17	41	104	89
2002	86	95	11	64	97	92
2003	69	94	25	88	94	93
2004	92	99	27	89	119	97
2005	215	99	70	86	285	96
2006	379	98	97	82	476	95

Drilling Activity 1951-2006

Year	Licenses Issued	Wells* Drilled	Well Classification		Oil and Gas Wells Completed Status			Metres* Drilled	Other** Wells Drilled	Year	License s Issued	Wells* Drilled	Well Classification		Oil and Gas Wells Completed Status			Metres* Drilled	Other** Wells Drilled
			E	D	PO	AD	S						E	D	PO	AD	S		
Pre 1951	15									1978	16	22	12	10	10	6	6	18 329	0
1951	123	18	14	4	6	10	2	14 956	103	1979	27	25	9	16	16	9	0	20 537	0
1952	104	68	40	28	25	33	10	58 344	33	1980	33	27	12	15	18	9	0	23 508	6
1953	127	102	31	71	73	29	0	76 682	9	1981	76	62	33	29	47	15	0	61 011	5
1954	333	310	114	196	217	90	3	233 170	0	1982	201	195	78	117	164	30	1	184 282	0
1955	382	354	57	297	279	66	9	254 774	5	1983	290	247	60	187	223	24	0	229 304	5
1956	283	248	30	218	202	38	8	176 994	14	1984	249	246	36	210	218	28	0	220 631	0
1957	225	224	71	153	139	85	0	155 469	2	1985	313	261	52	209	229	29	3	228 387	7
1958	92	92	16	76	61	31	0	60 430	0	1986	116	134	44	90	122	11	1	118 675	1
1959	50	47	16	31	30	17	0	30 792	2	1987	116	107	33	74	90	17	0	96 970	0
1960	65	66	12	54	50	15	1	43 918	0	1988	78	72	18	54	48	23	1	63 722	0
1961	26	28	11	17	11	16	1	17 389	1	1989	54	52	7	45	44	8	0	42 948	0
1962	30	24	3	21	15	9	0	17 683	2	1990	93	79	16	63	70	8	1	75 751	0
1963	59	57	9	48	39	16	2	43 451	0	1991	51	54	1	53	48	6	0	48 698	0
1964	110	104	32	72	68	35	1	75 303	3	1992	28	28	7	21	20	8	0	27 391	0
1965	79	65	40	25	27	38	0	50 298	10	1993	102	87	13	74	78	9	0	90 343	0
1966	76	63	33	30	29	33	1	54 863	9	1994	82	67	17	50	55	11	1	77 716	0
1967	90	85	42	43	44	41	0	67 068	0	1995	56	43	13	30	29	14	0	50 591	0
1968	64	59	44	15	27	32	0	48 840	3	1996	82	57	28	29	40	17	0	60 723	0
1969	98	46	30	16	14	29	3	34 376	38	1997	129	109	48	61	68	39	2	108 040	0
1970	18	18	13	5	2	16	0	16 253	1	1998	41	41	20	21	29	12	0	48 908	0
1971	24	15	6	9	2	8	5	13 026	6	1999	31	28	8	20	24	4	0	38 224	1
1972	11	9	6	3	0	7	2	6 778	1	2000	82	68	26	42	41	27	0	71 716	0
1973	19	17	17	0	0	17	0	14 083	0	2001	103	104	17	87	72	12	20	111 612	0
1974	22	21	17	4	6	14	1	22 710	1	2002	101	97	11	86	79	8	10	104 705	0
1975	9	7	7	0	2	4	1	6 716	4	2003	102	94	25	69	80	6	8	97 510	0
1976	16	15	13	1	3	11	1	11 161	2	2004	137	119	27	92	115	4	0	126 332	0
1977	21	11	10	1	9	2	0	9 359	2	2005	384	285	70	215	272	12	0	304 084	1
										2006	444	476	97	379	450	26	0	516 721	0
										TOTAL	6 188	5 459	1 622	3 836	4 179	1 174	105	4 882 262	277

* Excludes other wells drilled

** Other wells drilled includes: structure test holes, potash test holes, gas storage wells, helium

E - Exploratory

D - Development

PO - Potential Oil

AD - Abandoned Dry

| S - Service

Exploratory* Wells Drilled in Manitoba by Formation 1974-2006

(Geological Period of Deepest Formation Drilled)

Year	Cretaceous	Jurassic	Mississippian	Devonian	Silurian	Ordovician	Cambrian	Precambrian	Total
1974	1	--	5	--	--	--	--	12	18
1975	1	--	4	1	--	4	--	1	11
1976	--	--	5	7	--	--	--	--	12
1977	--	--	10	--	--	--	--	--	10
1978	--	--	9	1	--	1	--	1	12
1979	--	--	6	1	--	--	--	2	9
1980	--	--	8	1	1	--	--	1	11
1981	--	--	21	6	--	--	--	5	32
1982	--	--	72	5	--	--	--	1	78
1983	--	1	48	9	1	--	--	1	60
1984	1	--	32	2	--	--	--	1	36
1985	--	--	49	2	--	--	--	1	52
1986	--	--	30	13	--	--	--	--	43
1987	--	--	13	19	1	--	--	--	33
1988	3	--	9	6	--	--	--	--	18
1989	--	1	2	3	1	--	--	--	7
1990	--	--	15	--	--	--	--	--	15
1991	--	--	1	--	--	--	--	--	1
1992	--	--	2	3	--	--	--	1	6
1993	--	2	9	2	--	--	--	1	14
1994	--	--	11	5	--	--	--	1	17
1995	--	--	9	4	--	--	--	--	13
1996	--	--	14	14	--	--	--	--	28
1997	--	2	19	21	1	3	--	2	48
1998	--	--	6	14	--	--	--	--	20
1999	--	--	4	3	--	--	--	1	8
2000	--	13	5	5	1	--	--	2	26
2001	--	3	8	4	1	--	--	1	17
2002	--	--	11	--	--	--	--	--	11
2003	--	3	12	9	--	--	--	1	25
2004	--	--	6	21	--	--	--	--	27
2005	--	--	9	60	1	--	--	--	70
2006	3	--	14	78	--	1	--	1	97
TOTAL	9	25	478	319	8	9	--	37	885

* Exploratory - includes outpost, new field wildcat, new pool wildcat and deeper pool wildcat classifications.

Horizontal Wells Drilled in 2006

Field	Surface Location	Bottom Hole Location	Horizontal Length(m)	Licensee	Initial Production* (m ³ /d)	Status	Licence
Daly	13C-24-9-28	16D-24-9-28	1131	Aspen Endeavour Resources Ltd.	0.6 (1 month)	COOP	5724
	9D-19-10-28	2C-29-10-28	1082	Tundra Oil & Gas Partnership	8.9	COOP	5799
		15C-20-10-28**	721				
	1A-14-9-28	1A-13-9-28	1507	Aspen Endeavour Resources Ltd.	0.5	COOP	5842
	8A-14-9-28	7D-13-9-28	961	Aspen Endeavour Resources Ltd.	1.9	COOP	5843
	1A-14-9-28	A1C-13-9-28	1136	Aspen Endeavour Resources Ltd.	1.5	COOP	5866
	8A-14-9-28	A2A-13-9-28	1158	Aspen Endeavour Resources Ltd.	1.4	COOP	5867
	6B-30-10-29	1D-25-10-29	431	Tundra Oil & Gas Partnership	6.9 (5 months)	COOP	5894
		8A-25-10-29**	307				
	8D-30-10-28	3B-30-10-28	1028	Tundra Oil & Gas Partnership	1.8 (5 months)	COOP	5906
	14C-12-9-28	RE3B-12-9-28	1020	Aspen Endeavour Resources Ltd.	0.5 (1 month)	COOP	5981
	12C-15-9-28	15B-16-9-28	649	Lodgepole Energy	1.5	COOP	6035
Waskada	8D-33-1-24	2A-33-1-24	504	New Midland Petroleum Ltd.	21.8	COOP	5798
		1C-33-1-24**	300				
Virden	15D-21-9-25	3B-27-9-25	859	Enerplus ECT Resources Ltd.	27.9	COOP	5649
		3A-27-9-25**	921				
	9B-22-9-25	1B-22-9-25	626	Enerplus ECT Resources Ltd.	1.1	COOP	5700
	15A-21-9-25	1A-21-9-25	792	Enerplus ECT Resources Ltd.	8.2	COOP	5701
	11D-20-11-26	6A-20-11-26	531	Tundra Oil & Gas Partnership	6.5	COOP	5727
		7B-20-11-26**	520				
	4D-29-9-25	13A-29-9-25	867	Tundra Oil & Gas Partnership	17.1	COOP	5765
		12D-29-9-25**	766				
	16D-29-9-25	14D-28-9-25	682	Enerplus ECT Resources Ltd.	5.8	COOP	5772
		3A-33-9-25**	641				
	9B-29-9-25	1B-29-9-25	558	Enerplus ECT Resources Ltd.	19.4	COOP	5773
	9B-29-9-25	1B-32-9-25	637	Enerplus ECT Resources Ltd.	11.2	COOP	5774
Whitewater	9D-5-3-21	1D-5-3-21	709	Tundra Oil & Gas Partnership	10.1	COOP	5771
		7A-5-3-21**	484				
	13D-4-3-21	2C-8-3-21	908	Tundra Oil & Gas Partnership	17.1	COOP	5954
	13B-4-3-21	A5C-4-3-21	595	Tundra Oil & Gas Partnership	28.7	COOP	6093
	16D-5-3-21	3A-8-3-21	693	Tundra Oil & Gas Partnership	9.4 (5 months)	COOP	6153
		14D-5-3-21**	562				
Pierson	13C-19-2-28	11A-19-2-28	247	Orion Energy Company	3.7	COOP	5572
		11A-19-2-28**	666				
	2B-8-3-28	4B-8-3-28	515	Lodgepole Energy	9.3	COOP	5659
	13C-18-2-28	11A-18-2-28	734	Orion Energy Company	7.6	COOP	5660
	3D-21-3-28	1D-21-3-28	749	Tundra Oil & Gas Partnership	12.7	COOP	5806
		9A-21-3-28**	797				
	2B-8-3-28	A4C-8-3-28	605	Lodgepole Energy	2.9	COOP	5944
		3C-8-3-28**	111				
	15C-5-3-28	B4B-8-3-28	573	Lodgepole Energy	8.5	COOP	5965
	6B-8-3-28	7D-7-3-28	897	Lodgepole Energy	1.4	COOP	6006
	4B-21-3-28	10B-21-3-28	977	Tundra Oil & Gas Partnership	18.3	COOP	6007
		14B-21-3-28**	943				
	5D-15-3-29	7C-16-3-29	881	Rideau Petroleums Ltd.	---	Abd Dry	6062
	3A-7-2-28	5C-7-2-28	725	Orion Energy Company	1.1 (5 months)	COOP	6084

Souris	7B-16-6-22	15B-16-6-22	602	Lodgepole Energy	10.4	COOP	5792
Hartney	2D-16-6-22	5D-15-6-22	750	Lodgepole Energy	3.6	COOP	5827
	7A-16-6-22	A15D-16-6-22	760	Lodgepole Energy	5.3	COOP	5926
	7A-16-6-22	16B-16-6-22	728	Lodgepole Energy	7.6	COOP	5927
	10D-10-6-22	7A-15-6-22	882	Tundra Oil & Gas Partnership	10.7	COOP	6133
Regent	10D-24-4-22	3B-25-4-22	589	Tundra Oil & Gas Partnership	2.3 (1 month)	COOP	6090
		14D-24-4-22**	454				
		3A-25-4-22***	548				
Sinclair	3D-4-8-29	8A-4-8-29	399	Tundra Oil & Gas Partnership	3.1	COOP	5793
Other	16A-27-2-24	7D-27-2-24	594	Tundra Oil & Gas Partnership	11.2	COOP	5928
Area		8C-27-2-24**	381				
	15A-27-2-24	6A-27-2-24	578	Tundra Oil & Gas Partnership	5.4	COOP	5955
		5D-27-2-24**	355				
	4C-35-2-24	16B-27-2-24	630	Tundra Oil & Gas Partnership	13.9	COOP	5973

*Average oil rate for first six months (or less) of production

**Second Leg

***Third Leg

Areas of Activity

Sinclair - In 2006, Sinclair was the most active area in the Province with a total of 315 wells being drilled. Of this total, 251 were development wells and 64 were drilled as exploratory. One well was drilled horizontally.

Pierson - In 2006, there were 81 wells drilled of which 71 were drilled vertically and ten wells were drilled horizontally.

Daly - In 2006, there were 22 wells drilled in the Daly Field of which 10 were drilled horizontally. The total includes 3 exploratory wells which were all completed as potential oil wells. There was also 3 wells deepened and 1 well re-entered.

Waskada - There were 12 wells drilled in the Waskada Field in 2006. The totals included 3 exploratory wells that were completed as potential oil wells and 8 horizontal wells.

Other Areas - There were 26 wells drilled in other areas in 2006. Of these, 7 were development and were all completed as potential oil wells. Of the 19 exploratory wells drilled, 8 were completed as potential oil wells.

Non-Abandoned Wells 2006

Field	Active ⁽¹⁾ Oil Producers	Active ⁽²⁾ Other Wells
Daly	465	62
Tilston	23	3
Waskada	395	105
Lulu Lake	4	2
Viriden	542	144
Whitewater	41	3
Pierson	250	41
Kirkella	50	7
Souris Hartney	11	3
Coulter	5	0
Regent	8	1
Mountainside	10	1
Birdtail	21	6
Sinclair	389	6
Confidential Wells	82	0
Other Areas	41	7
Total	2337	391

Notes:

(1) Wells classified as capable of oil production at year end that produced oil in 2006. Dual completions or commingled wells count as one well.

(2) Includes Water Injection, Salt Water Disposal, Water Supply, Gas Injection and Other Wells.

Well Licence Transfers in 2006

In 2006, there were 14 well name changes resulting from well licence transfers, corporate reorganizations, partnerships and amalgamations.

PREVIOUS OPERATOR	NEW OPERATOR	FIELD/AREA	NO. OF WELLS	TYPE
2214351 Manitoba Ltd.	Rolland Virtual Business Systems Ltd.	Virden	4	Transfer
2214351 Manitoba Ltd.	Border Energy Ltd.	Daly	1	Amalgamation
APF Energy Inc.	Canetic Resources Inc.	South Linklater	1	Amalgamation
Upton Resources Inc.	Canetic Resources Inc.	Pierson	1	Amalgamation
Nexen Inc.	Canetic Resources Inc.	Broomhill/Tilston	2	Transfer
Canadian Natural Resources Limited	Lodgepole Energy Corp.	Pierson	1	Transfer
Norcoul Resources Ltd.	Ka-Bert Resources Ltd.	Virden	3	Transfer
Marvin Goforth	Runcible Oil Corp.	Pierson	1	Transfer
Total			14	

Production and Markets

Annual oil production in Manitoba was up 50.5% from 2005 to 1 223 736 m³ (7.7 million barrels).

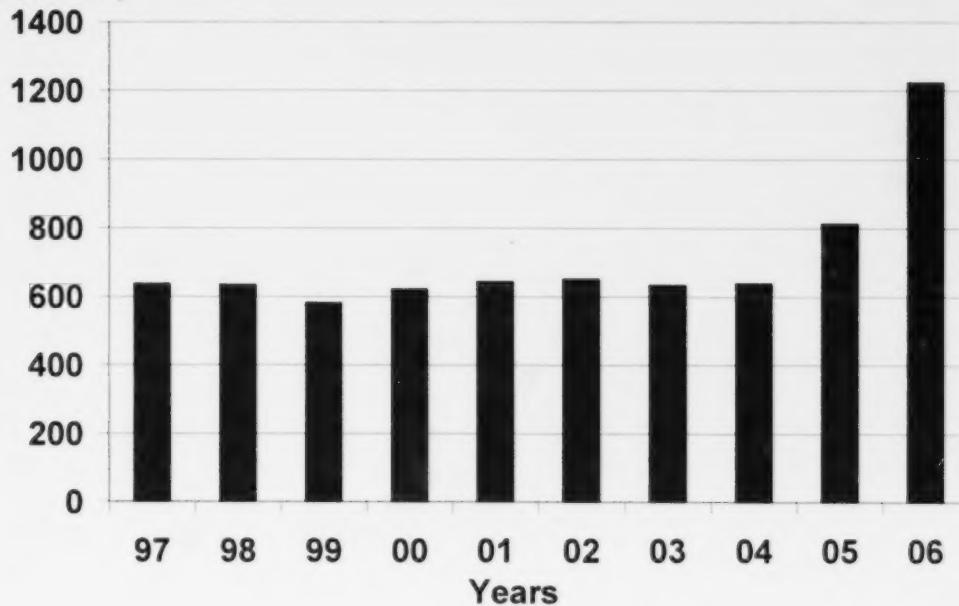
Oil production from the Sinclair, Virden, Daly, Waskada and Pierson Fields accounted for 43.3%, 17.4%, 11.4%, 9.7% and 8.7% respectively of Manitoba's total production.

In 2006, a number of fields showed an increase in production over 2005 including Sinclair (183.8%), Coulter (75.3%), Kirkella (48.4%), Pierson (44.2%), Regent (35.5%) and Souris Hartney (35.2%).

Manitoba Crude Oil Production 1997-2006

Annual Production

(000's m³)



Manitoba's Top 25 Oil Producers

Rank	Operator	2006		2005		2006/2005 Increase (decrease)	
		m ³	% of Total	m ³	% of Total	m ³	% Change
1	Tundra Oil and Gas Ltd.	647939.1	53.3	348304.1	43.1	299635.0	86.0
2	Enerplus ECT Resources Ltd.	201955.8	16.6	187263.8	23.2	14692.0	7.8
3	Rideau Petroleums Ltd.	102324.4	8.4	54886.2	6.8	47438.2	86.4
4	Canadian Natural Resources Limited	74803.1	6.2	51692.5	6.4	23110.6	44.7
5	EOG Resources Canada Inc.	66386.6	5.5	63229.9	7.8	3156.7	5.0
6	Penn West Petroleum	29073.6	2.4	26613.8	3.3	2459.8	9.2
7	ARC Resources Ltd.	26061.9	2.1	33068.3	4.1	(7006.4)	(21.2)
8	Kiwi Resources Ltd.	14160.4	1.2	14110.9	1.7	49.5	.4
9	Zargon Oil & Gas Ltd.	9033.0	.7	8366.1	1.0	666.9	8.0
10	Lodgepole Energy Corp./G.P. No. 2	8777.1	.7	338.9	.0	8438.2	2489.9
11	Cosens Drilling Limited	5554.4	.5	4920.8	.6	633.6	12.9
12	New Midland Petroleum Ltd.	4709.2	.4	246.4	.0	4462.8	1811.2
13	Rolland Virtual Business Systems Ltd.	4083.4	.3	4059.3	.5	24.1	.6
14	Grand Banks Energy Corporation	3843.8	.3	1352.2	.2	2491.6	184.3
15	Aspen Endeavour Resources Inc.	2665.6	.2	848.5	.1	1817.1	214.2
16	Leader Resources Limited	2613.9	.2	1922.7	.2	691.2	35.9
17	Orion Energy Company	2405.6	.2	.0	.0	2405.6	100.0
18	Antler River Resources Ltd.	1760.8	.1	882.5	0.1	878.3	99.5
19	Enerplus Oil & Gas Ltd.	1743.5	.1	2458.8	.3	(715.3)	(29.1)
20	Platform Resources Inc.	1166.1	.1	73.2	.0	1092.9	1493.0
21	Crescent Point General Partner Corp.	960.4	.1	1082.4	.1	(122.0)	(11.3)
22	Malahat Oil & Gas Ltd.	862.9	.1	918.9	.1	(56.0)	(6.1)
23	Border Energy Ltd.	819.8	.1	.0	.0	819.8	100.0
24	Gerrand Enterprises Ltd.	760.9	.1	686.4	.1	74.5	10.9
25	2928419 Manitoba Ltd.	757.1	.1	1173.5	.1	(416.4)	(35.5)

* Oil production figures may vary year to year due to well transfers and company mergers.

Manitoba Oil and Water Production 1951-2006

	Wells Capable of Producing (December)	Wells Producing (December)	Oil Prod. (m ³)	Water Prod. (m ³)	Total Fluid Prod. (m ³)	Avg. Water Cut(%)	Avg. Oil Prod. (m ³ /day)		Wells Capable of Producing (December)	Wells Producing (December)	Oil Prod. (m ³)	Water Prod. (m ³)	Total Fluid Prod. (m ³)	Avg. Water Cut(%)	Avg. Oil Prod. (m ³ /day)
Year								Year							
1951	5	5	1 854	152	2 006	7.6	5.1	1979	811	706	583 377	4 302 557	4 885 934	88.1	1 598.3
1952	39	32	17 020	3 918	20 938	18.7	46.6	1980	823	720	563 482	4 454 815	5 018 297	88.8	1 539.6
1953	105	93	104 189	46 597	150 786	30.9	285.4	1981	853	748	542 695	4 574 423	5 117 118	89.4	1 486.8
1954	284	269	341 403	61 606	403 009	15.3	935.4	1982	1 002	896	581 937	4 588 111	5 170 048	88.7	1 594.3
1955	554	486	658 779	284 601	943 380	30.2	1 804.9	1983	1 160	1 041	736 913	5 090 892	5 827 805	87.4	2 018.9
1956	736	647	919 329	634 442	1 553 771	40.8	2 511.8	1984	1 350	1 209	793 161	5 623 619	6 416 780	87.6	2 167.1
1957	846	739	967 810	998 380	1 966 190	50.8	2 651.5	1985	1 505	1 366	820 727	5 926 972	6 747 699	87.8	2 248.6
1958	877	736	926 298	1 183 642	2 109 940	56.1	2 537.8	1986	1 592	1 367	823 321	6 574 356	7 397 677	88.9	2 255.7
1959	875	730	803 436	1 274 183	2 077 619	61.3	2 201.2	1987	1 624	1 434	781 795	6 619 927	7 401 722	89.4	2 141.9
1960	893	755	757 033	1 401 502	2 158 535	64.9	2 068.4	1988	1 627	1 370	768 493	6 618 307	7 386 800	89.6	2 099.7
1961	874	729	711 949	1 511 295	2 223 244	68.0	1 950.5	1989	1 581	1 353	722 821	6 489 970	7 212 791	90.0	1 980.3
1962	852	730	623 976	1 551 270	2 175 246	71.3	1 709.5	1990	1 483	1 430	737 454	6 705 759	7 443 213	90.1	2 020.4
1963	839	683	599 249	1 617 970	2 217 219	73.0	1 641.8	1991	1 567	1 408	712 791	6 899 878	7 612 669	90.6	1 952.9
1964	892	745	701 909	2 106 630	2 808 539	75.0	1 917.8	1992	1 547	1 387	656 454	6 965 246	7 621 700	91.4	1 793.6
1965	889	748	786 029	2 369 659	3 155 688	75.1	2 153.5	1993	1 563	1 394	634 561	6 439 603	7 074 164	91.0	1 738.5
1966	905	737	831 230	2 926 156	3 757 386	77.9	2 277.3	1994	1 568	1 363	657 871	6 410 921	7 068 792	90.7	1 802.4
1967	911	752	887 556	3 038 500	3 926 056	77.4	2 431.7	1995	1 556	1 354	642 650	6 050 635	6 693 285	90.4	1 760.7
1968	926	774	986 022	3 644 940	4 630 962	78.7	2 694.0	1996	1 531	1 342	613 110	5 928 982	6 542 092	90.6	1 675.2
1969	923	754	985 987	3 789 952	4 775 939	79.4	2 701.3	1997	1 535	1 337	636 800	6 011 713	6 648 513	90.4	1 744.7
1970	904	730	939 179	3 952 435	4 891 614	80.8	2 573.1	1998	1 509	1 247	634 173	5 949 658	6 583 831	90.4	1 737.5
1971	900	695	890 621	4 213 250	5 103 871	82.6	2 440.1	1999	1 494	1 246	581 226	5 530 359	6 111 585	90.5	1 592.4
1972	891	745	835 385	4 483 101	5 318 486	84.3	2 282.5	2000	1 516	1 232	621 361	6 496 237	7 117 598	91.3	1 697.7
1973	882	687	807 905	4 542 685	5 350 590	84.9	2 213.4	2001	1 567	1 267	642 885	7 016 732	7 659 617	91.6	1 761.3
1974	871	714	754 701	4 518 060	5 272 761	85.7	2 067.7	2002	1 613	1 402	650 750	7 639 477	8 290 227	92.2	1 782.9
1975	831	686	701 491	4 560 448	5 261 939	86.7	1 921.9	2003	1 666	1 487	633 098	7 723 449	8 356 547	92.4	1 734.5
1976	821	688	633 419	4 611 042	5 244 461	87.9	1 730.7	2004	1 603	1 474	637 498	7 897 536	8 535 034	92.5	1 746.6
1977	804	701	630 443	4 816 879	5 447 322	88.4	1 727.2	2005	1 863	1 790	811 924	8 194 812	9 006 736	91.0	2 224.4
1978	808	703	598 405	4 603 669	5 202 074	88.5	1 639.5	2006	2 337	2 218	1 223 736	8 150 410	9 382 073	84.9	3 362
TOTAL								--	--		38 857 598	245 623 025	276 440 918	--	--

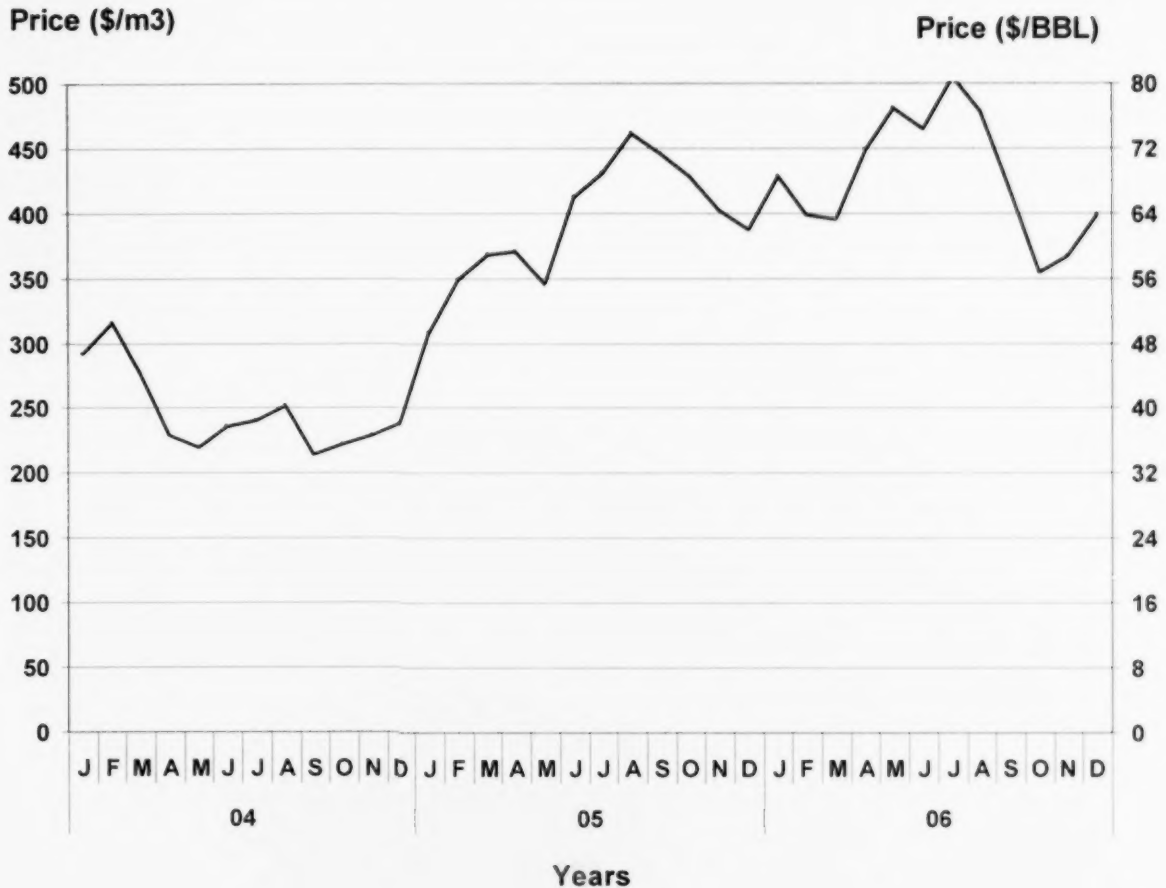
Comparison of 2006 vs 2005 Oil Production by Field

Field	2006		2005		2006/2005 Increase (decrease)	
	m ³	% of Total	m ³	% of Total	m ³	% Change
Daly	139 945.0	11.4	140 472.3	17.3	(527.3)	0.4
Tilston	4 572.3	.4	5 853.2	0.7	(1 280.9)	(21.9)
Waskada	118 285.8	18.6	116 081.7	14.3	2 204.1	1.9
Lulu Lake	2 838.8	0.6	3 467.2	0.4	(628.4)	(18.1)
Virden	212 711.7	34.8	203 461.1	25.0	9 250.6	4.5
Whitewater	46 478.2	4.0	3 443.4	4.2	12 034.8	34.9
Pierson	106 613.7	10.0	73 918.6	9.1	32 695.1	44.2
Kirkella	16 891.8	1.7	11 385.4	1.4	5 506.4	48.4
Souris Hartney	12 530.6	2.0	9 268.5	1.1	3 262.1	35.2
Coulter	320.5	0	182.8	.0	137.7	75.3
Regent	1 360.8	0.2	1 004.3	0.1	356.5	35.5
Mountainside	3 769.1	0.7	4 480.0	0.6	(710.9)	(15.9)
Birdtail	6 363.0	1.1	6 561.6	0.8	(198.6)	(3.0)
Sinclair	530 062.8	1.7	186 778.7	23.0	343 284.1	183.8
Other areas	20 991.5	2.1	15 568.6	1.9	5 422.9	34.8
TOTAL	1223735.6	100.00	812927.4	100.00	410808.2	50.5

Oil Prices

Manitoba's overall average crude oil selling price in 2006 increased from 2005 to \$430.93/m³ (\$68.48 Cdn. per barrel). The average monthly price was lowest in October at \$356.16/m³ (\$56.60 Cdn. per barrel) and highest in May at \$484.04/m³ (\$76.92 Cdn. per barrel).

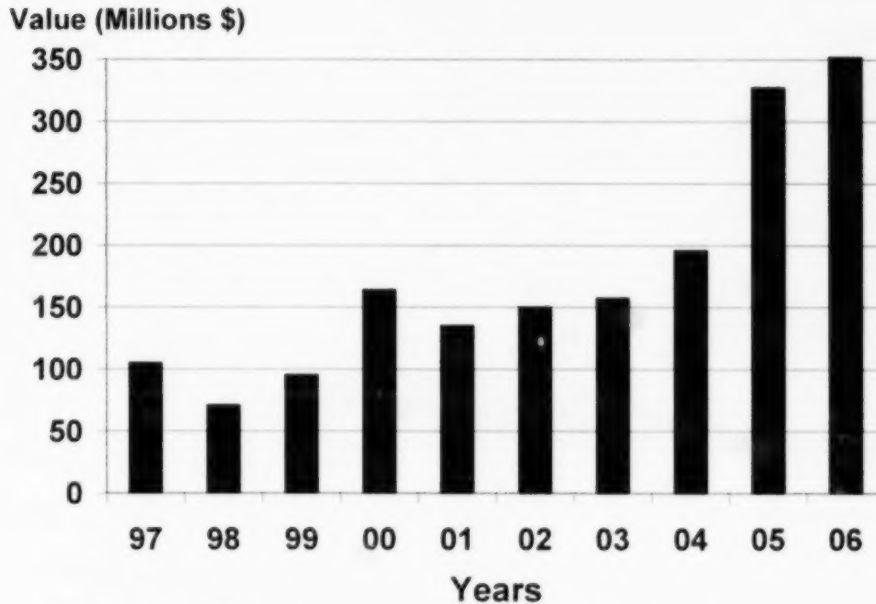
Monthly Oil Crude Prices 2004-2006



Value of Production

The total value of oil production during 2006 was \$540.4 million, up 59% from 2005.

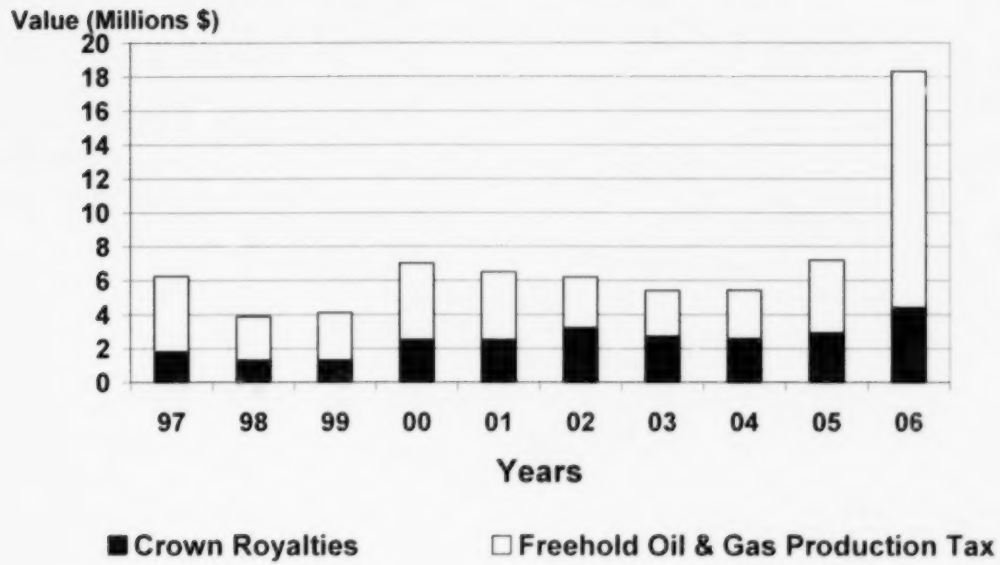
Value of Production 1997-2006



Provincial Revenue from Oil Production

During 2006, the Manitoba government collected approximately \$20.9 million in revenues (\$4.4 million in Crown oil royalties, \$13.9 million in freehold oil taxes, and \$2.6 million Crown lease sale bonuses, rentals and fees), resulting in a 55% increase from 2005. These figures do not include provincial revenue from corporate capital tax, sales tax, and corporate and individual income tax.

Crown Royalties and Taxes From Oil Production 1997-2006



Manitoba Crude Oil Production and Sales Value 1951-2006

Year	Annual Production (m ³)	Cumulative Production (m ³)	Value of Sales (000's \$)	Cumulative Value of Sales (Dec. 31) (000's \$)	Average* Wellhead Price (\$/m ³) (\$/bbl)		Year	Annual Production (m ³)	Cumulative Production (m ³)	Value of Sales (000's \$)	Cumulative Value of Sales (Dec. 31) (000's \$)	Average* Wellhead Price (\$/m ³) (\$/bbl)	
1951	1 854	1 854	26	26	15.58	2.48	1979	583 377	19 986 047	48,403	481,367	82.97	13.19
1952	17 022	18 876	229	255	13.77	2.24	1980	563 482	20 549 529	54,958	536,325	97.57	15.51
1953	104 193	123 069	1,715	1 970	16.51	2.62	1981	542 695	21 092 224	64,055	600,380	118.03	18.82
1954	341 410	464 479	5,620	7,590	16.46	2.62	1982	582 283	21 674 507	100,537	700,917	173.57	27.58
1955	658 802	1 123 281	9,517	17,107	14.56	2.31	1983	736 934	22 411 441	152,350	853,267	206.64	32.84
1956	919 539	2 042 820	13,418	30,524	14.61	2.32	1984	793 286	23 204 727	169,296	1,022,563	214.04	34.02
1957	967 721	3 010 541	15,231	45,755	15.81	2.51	1985	820 729	24 025 456	180,049	1,202,612	220.21	35.00
1958	926 322	3 936 863	14,265	60,020	15.40	2.45	1986	823 322	24 848 778	95,337	1,297,949	114.66	18.23
1959	803 461	4 740 324	11,615	71,635	14.46	2.30	1987	781 806	25 630 584	109,202	1,407,151	139.76	22.21
1960	757 054	5 497 378	10,690	82,325	14.16	2.25	1988	786 563	26 417 147	78,660	1,485,811	102.26	16.25
1961	711 969	6 209 347	10,133	92,458	14.27	2.27	1989	722 820	27 139 967	90,101	1,575,912	124.66	19.81
1962	623 989	6 833 336	9,500	101,958	15.12	2.49	1990	737 762	27 877 729	114,805	1,609,717	155.85	24.78
1963	599 212	7 432 548	9,183	111,141	15.33	2.44	1991	712 792	28 590 521	90,343	1,781,060	126.74	20.15
1964	701 920	8 134 468	10,694	121,835	15.31	2.43	1992	656 415	29 246 936	86,289	1,867,349	131.48	20.89
1965	786 050	8 920 518	12,270	134,105	15.59	2.48	1993	634 561	29 881 497	77,486	1,944,835	122.07	19.40
1966	831 248	9 751 766	13,087	147,192	15.73	2.50	1994	657 870	30 539 367	83,620	2,028,455	126.76	20.14
1967	887 572	10 639 338	13,974	161,166	15.77	2.51	1995	642 650	31 182 017	90,238	2,118,693	140.51	22.33
1968	986 024	11 625 362	15,561	176,727	15.79	2.51	1996	613 114	31 795 131	107,245	2,225,938	173.90	27.63
1969	985 981	12 611 343	15,615	192,342	15.82	2.51	1997	636 681	32 431 812	104,884	2,330,822	161.49	25.66
1970	939 175	13 550 518	14,848	207,200	15.80	2.51	1998	634 071	33 065 883	70,730	2,401,552	116.97	18.54
1971	890 622	14 441 140	15,445	222,645	17.31	2.75	1999	581 206	33 647 089	95,129	2,496,681	166.25	26.42
1972	835 380	15 276 520	14,586	237,231	17.46	2.77	2000	621 378	34 268 467	163,933	2,660,614	266.16	42.30
1973	807 882	16 084 402	17,155	254,386	21.23	3.37	2001	642 908	34 911 375	134,996	2,795,610	214.67	34.11
1974	754 667	16 839 069	27,182	281,568	36.00	5.72	2002	650 750	35 562 125	154,060	2,949,670	230.59	36.64
1975	701 459	17 540 528	31,453	313,021	44.81	7.12	2003	633 098	36 176 513	157,399	3,106,989	248.61	39.51
1976	633 322	18 173 850	33,533	346,554	52.99	8.42	2004	637 498	36 814 011	195,745	3,302,714	306.93	48.77
1977	630 466	18 804 316	40,457	387,011	64.12	10.19	2005	811 924	37 625 935	327,057	3,629,771	395.03	62.77
1978	598 354	19 402 670	45,953	432,964	76.77	12.20	2006	1 223 736	38 850 719	540 398	4 170 169	430.93	68.48

* Average Wellhead Price = Value of Sales/Volume Sold

Direct Revenues to Crown from Oil Exploration and Production in Manitoba*

1951-2006

Year	Crown Royalties (\$000's)	Freehold Oil Tax (\$000's)	Crown Oil & Gas Rights Revenue (\$000's)	Miscellaneous Fees (\$000's)	Total Direct Revenue (\$000's)	Year	Crown Royalties (\$000's)	Freehold Oil Tax (\$000's)	Crown Oil & Gas Rights Revenue (\$000's)	Miscellaneous Fees (\$000's)	Total Direct Revenue (\$000's)
1951	2	—	4	5	11	1981	2,715	10,022	1,846	12	14,595
1952	7	—	7	9	23	1982	3,176	11,947	1,292	28	16,443
1953	50	46	6	8	110	1983	4,111	14,825	1,347	59	20,342
1954	156	64	106	24	350	1984	4,238	15,642	2,466	67	22,413
1955	230	92	696	10	1,028	1985	4,323	14,977	4,522	90	23,912
1956	318	83	668	18	1,087	1986	2,570	8,179	1,195	53	11,997
1957	382	126	531	—	1,039	1987	2,740	8,649	855	55	12,299
1958	356	137	293	31	817	1988	2,034	5,861	639	40	8,574
1959	344	165	215	2	726	1989	2,273	6,757	364	37	9,431
1960	313	130	102	2	547	1990	2,578	7,662	266	35	10,541
1961	306	105	228	5	644	1991	2,567	6,438	213	37	9,255
1962	298	96	116	10	520	1992	1,978	4,938	209	21	7,146
1963	276	91	87	3	457	1993	1,884	4,501	1,005	41	7,431
1964	307	86	157	23	573	1994	1,581	3,620	1,415	44	6,660
1965	344	84	164	3	595	1995	1,618	3,480	2,860	43	8,001
1966	353	96	154	3	606	1996	1,866	4,450	2,024	51	8,391
1967	370	111	139	10	630	1997	1,806	4,431	6,335	55	12,627
1968	411	116	99	14	640	1998	1,259	2,579	752	30	4,620
1969	405	128	115	4	652	1999	1,286	2,751	764	18	4,819
1970	377	143	43	1	564	2000	2,537	4,488	783	21	7,829
1971	373	143	55	2	573	2001	2,506	4,008	1,272	28	7,814
1972	348	138	16	1	503	2002	3,203	2,994	444	60	6,701
1973	404	144	15	2	565	2003	2,668	2,984	431	44	6,127
1974	1,599	5,216	15	4	6,834	2004	2,565	2,879	1,491	41	6,976
1975	1,823	6,498	12	1	8,334	2005	2,936	4,326	6,269	82	13,613
1976	2,024	6,128	11	11	8,174	2006	4,406	13,909	2,646	128	21,089
1977	2,263	7,012	10	3	9,288	TOTAL	166,250	216,512	48,133	1,330	350,568
1978	2,281	8,018	10	6	10,315						
1979	2,280	8,769	988	12	12,049						
1980	2,575	9,159	2,012	11	13,757						

* Does not include corporate capital tax, sales tax or corporate and individual income tax. All figures are based on calendar year receipts.

Manitoba Drilling Incentive Program (1992-2009)

In 2004, the Manitoba Drilling Incentive Program, which provides eligible wells a Crown royalty/freehold production tax-free holiday volume was extended for another 5 years until January 1, 2009. The following improvements to the incentive program were also introduced:

- 5 000 m³ minimum holiday oil volume for new vertical wells
- 3 000 m³ holiday oil volume "top up" for new wells
- 3 000 m³ holiday oil volume for new horizontal legs drilled from existing horizontal wells
- 3 m³/d production limit to qualify for the major workover incentive to repair casing

Incentive program highlights include:

- up to 10 000 m³ holiday oil volume for exploratory wells
- up to 20 000 m³ holiday oil volume for wells drilled through the Duperow Formation
- 10 000 m³ holiday volume for horizontal wells
- 500 m³ holiday volume for marginal wells on which a major workover is conducted
- up to an 18 month holiday for unit tracts of wells converted for injection
- flexibility in the allocation of earned holiday volumes

Municipal Taxes

Oil producers in Manitoba pay municipal taxes on production facilities, including oil wells, batteries, salt water disposal wells, salt water disposal plants and water injection wells.

The municipal tax assessment on these facilities for the calendar year 2006 was approximately \$84.2 million dollars.

Actual tax revenue from these assessments amounted to approximately \$2.45 million for municipalities with oil and gas facilities.

Industry Employment

Direct employment in the petroleum industry during 2006 was approximately 550-600 person years. Of this total, approximately 20 percent is attributed to geophysical and drilling activity, while the remaining 80 percent is associated ongoing operation and maintenance of existing facilities.

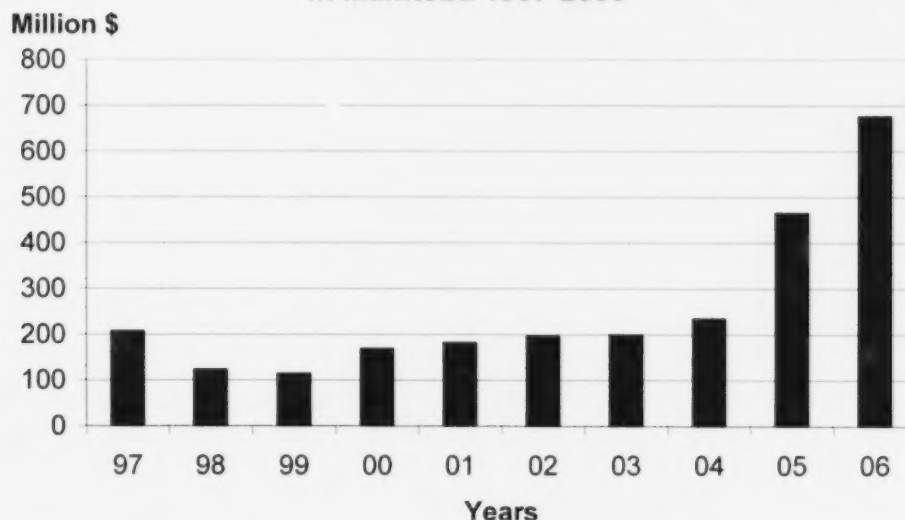
In addition, there are indirect jobs created as a result of petroleum industry activity. For every direct job in the petroleum industry it is estimated that 1.2 indirect jobs are created. This results in another approximately 660 person years of indirect employment.

Industry Expenditures

It is estimated that industry spent \$356 million in 2006 compared with \$243 million in 2005. The total expenditures can be broken down into eight categories: exploration, development, land, production, pipelines, royalties, abandonment and rehabilitation, and other costs.

- **Exploration**, which includes, exploratory drilling costs, geophysical and geological work, amounted to approximately \$44.9 million.
- **Development** including development drilling, workovers, recompletions and production facility construction accounted for approximately \$139.9 million.
- **Land** including freehold and Crown mineral and surface rights acquisition costs, fees and rentals. The total estimated expenditures in this component amounted to \$20.1 million.
- **Production** estimated at \$54.3 million and include well and facility operating costs.
- **Pipelines** including capital, operating, repair and maintenance costs, for pipelines licensed under The Oil and Gas Act that carry crude oil and refined petroleum products amounted to \$8.6 million.
- **Royalties and Production Taxes** including freehold royalties, Crown royalties and freehold production taxes, are estimated at approximately \$81.2 million.
- **Abandonment and rehabilitation** of sites damaged by oil field operations totalled approximately \$4.9 million.
- **Other** including municipal taxes and miscellaneous expenditures, totaling approximately \$2.4 million.

**Petroleum Industry Expenditures
in Manitoba 1997-2006**



Surface Owners

Prior to drilling a well, an oil company is required to negotiate a surface lease, which provides right of entry, with the landowner. The typical surface lease includes a first-year bonus payment and a subsequent annual rental for the duration of the lease.

Where the landowner is renting the land to another party, the oil company must obtain the consent of both the landowner and the occupant.

After a lease has been signed, the landowner and occupant then determine what share of the compensation paid by the oil company each receives.

An estimated \$8.7 million was paid by oil companies to landowners in the form of first-year bonuses and annual rental fees.

Disputes relating to right-of-entry or compensation are referred to the Surface Rights Board (www.gov.mb.ca/iedm/mrd/board/srboard.html). The Board's principal function is to arbitrate disputes between the petroleum industry and landowners regarding use of land for exploration, development and related operations, and to determine what compensation should be paid to the landowner.

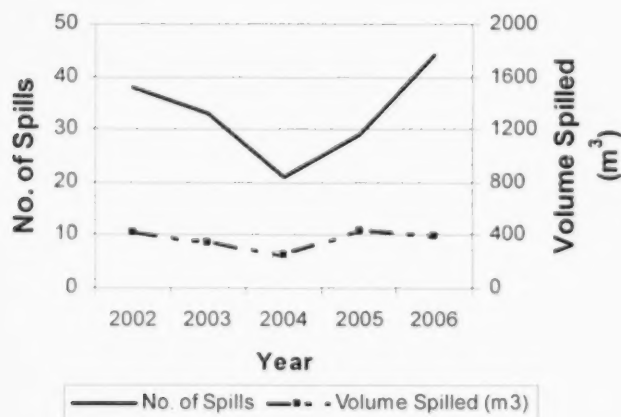
Spills and Rehabilitation

Accidental spills of oil and salt water occasionally result from oil industry operations. Regulations require land damaged by oil and salt water spills must be fully rehabilitated by the responsible operator. Sites used for wells or production facilities must also be fully rehabilitated when the well or facility is abandoned.

In 2006, 44 spills involving a total volume 392.4 m³ occurred. The volume spilled was 9% less than 2005. The volume of fluid spilled is equal to 0.002 percent of the total volume of oil and salt water produced.

Activities by industry resulted in 48 abandoned well and spill sites becoming fully rehabilitated in 2006. Further rehabilitation is required on 507 spill sites and abandoned well sites.

Spill Data 2002-2006



Manitoba Oil Fields - 2006

	Daly	Tilston	Waskada	Lulu Lake	Virden	White-Water	Pierson	Kirkella	Souris Hartney	Coulter	Regent	Mountain-side	Birdtail	Sinclair	Other Areas	Total
Discovery Year	1951	1952	1952	1953	1953	1953	1954	1957	1962	1952	1955	1982	1996	2004	—	—
Avg. Depth to Producing Formation (m)	835	940	918	1 005	634	782	1 003	734	655	968	767	895	522	1 045	858	—
Producing Formation	L/B/TF	MC	MC/LAm	L	L	LAm/L	MC/LAm	L	L	MC/LAm	L	L	B	B/TF	LAm MC/L	—
Well Spacing (ha)	32/16/8	16	16/8/4	16	16/8	16	32/16	16	32/16/8	16	16	16	16	16	16	—
Active Oil Wells 2005*	402	21	353	4	478	39	153	31	7	4	8	10	15	185	27	1 739
2005 Oil Prod. ('000 m ³)	142.3	5.9	116.1	3.5	203.4	34.4	73.9	11.4	9.3	0.2	1.0	4.5	6.6	184	15.5	812.0
Cum. Oil Prod. (Dec. 31, 2005) ('000 m ³)	6 508.7	410.4	3 820.1	121.1	23 160.6	456.5	1 852.2	432.2	243.7	16.5	51.8	114.6	65.8	197.1	174.6	37 625.9
Remaining Established Reserves (Dec. 31, 2003) ('000 m ³)**	1 390.1	30.6	858.5	14.8	1247.9	67.6	466.5	43.4	44.3	0.8	3.5	26.0	41.4		38.7	4 322.0***

L = Lodgepole

LAm = Lower Amaranth

MC = Mission Canyon

B = Bakken

TF = Three Forks

* Wells classified as capable of oil production at year-end that produced oil in 2005. Dual completions or commingled wells count as one well. Confidential wells not included.

** Does not include 2004 or 2005 reserve additions

*** Total includes confidential remaining reserves

COMMENTS?

Drop us a note at:

Manitoba Science, Technology, Energy and Mines
Petroleum Branch
Unit 360-1395 Ellice Avenue
Winnipeg MB R3G 3P2

or give us a call at (204) 945-6577 or email us at Jacqueline.Gervais@gov.mb.ca

